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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
CHINA

IPF:(1992-96) $176 600 000

(CPR/91/542) - Modernization of the Customs General Administration (CGA)

Date of approval by the AC:[1]	20 May 1992
Expected duration:	Four years
Proposed executing agency:	Government
Government implementing agency:	Customs General Administration (CGA)
Proposed UNDP contribution:	$995 000 Source of funds: IPF
Total UNDP budget:	$995 000

Project background

China's interaction with the outside world has increased dramatically since it adopted the open door policy in 1979. The flows of people as well as those of goods and services to and from China have risen significantly since then and are still on the increase. The general view is that the opening up is only just beginning to take deep roots. The total value of exports and imports in US dollars has increased from 4 billion in 1980 to 90 billion in 1988. Total tonnage of cargo flows has increased from 89 million to 400 million during the same period. Similarly the number of travellers increased from 11 to 30 million; and the number of Customs Houses from 100 to 206. Not only has the volume of trade expanded greatly, but its complexity has also notably increased. The technical composition of traded goods has changed; trade practices worldwide have become more sophisticated; and China's participation in various international conventions and agreements (on intellectual property rights, patents, copyrights, tariffs, quotas, etc.) has made customs work extremely demanding and complicated. The establishment of special Economic Zones, Free Trade Areas, Open Cities, etc. has added to the complexity.

The Customs General Administration (CGA) was established in 1980 as an independent unit to regulate and administer this ever increasing volume and complexity of trade and passenger flows. The number of CGA staff increased from 6,000 in 1980 to 26,500 in 1988. But neither this increase nor the professional training received to date has proven adequate to cope with the changed nature of their tasks. Undue delays and ambiguities in customs clearances are far too routine resulting in ramifications on the confidence of China's trade partners and foreign investors, thereby jeopardizing the success of the open door policy. Among the problems not cited above are: (a) the increasing number of entities trading directly with the outside world; (b) the increase in smuggling and fraud; (c) the difficulty in combining

[1] **This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.**

control with expeditious clearance; (d) the inability to handle false declarations of prices and descriptions of goods; (e) the existence of loopholes and contradictions in current customs law; (f) the lack of capacity to compile basic statistics needed for business, commercial and economic purposes; (g) the lack of trained personnel including management skills; (h) the anticipated inclusion of Hong Kong adding to the performance needs of the customs service; (i) the need to study the pros and cons of participation in an additional 12 customs conventions; (j) the requirement to establish norms and procedures for the internal supervision and auditing department; (k) the need to standardize the nomenclature and classification system compatible with international usage; and (l) the necessity to train personnel in computerized declarations.

To improve its Customs Administration the Government has requested UNDP assistance under the present approval. As part of its extensive programme of training, analysis of problems and upgrading of methodologies, procedures, regulations and equipment, the CGA has established the Guangzhou Administration Institute for Customs Officials and the Tianjin Training Center to conduct in-service training.

Description of project

The long-term objective of the project is to lay the foundation for the CGA to become a modern and efficient organization. The immediate objectives of the project are to: (a) prepare ten studies in critical areas of customs work to analyze the present conditions in China, compare them with other countries, and offer specific recommendations for reform; (b) strengthen the Customs Training Center in Guangzhou; (c) train a total of 800 customs officials and 26 teachers/trainers; and (d) undertake the trial implementation of a number of selected measures in the customs houses of Tianjin, Yingkou and Guangzhou.

Project activities will include: (a) establishing separate review groups so as to make a final determination on the recommendations of these studies; (b) modernization of the curriculum and introduction of modern training methods; (c) establishing a harmonized classification system; (d) rationalising the tariff structure; (e) establishing various laws, rules and regulations; and (f) enabling a group of customs officials to become more competent to participate in the relevant international meetings and conventions.

Inputs

UNDP will provide 14 work-months of services for 17 international consultants to give advice and comments at critical junctures in the preparation of the studies, the development of the curriculum and the organization of the training programmes; 25 work-months for 25 national experts/consultants for the same purposes; nine study tours and 34 fellowships for the senior and mid-level officials; training equipment for the language laboratory, for combating drug trafficking and for audio visual training methods; teaching materials; and miscellaneous costs.

Financial data

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Personnel	225 000
Training	610 000
Equipment	140 000
Miscellaneous	20 000
Total	995 000

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